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(JANUARY 6–9, 1991)

REPORT

OF THE

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

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SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

(102d Congress)

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Executive Summary

From January 6 to 9, 1991, the House Select Committee on Narcotics Abuse and Control conducted a study mission to Panama City, Panama; and Cartagena, Colombia; to assess drug abuse control efforts in the major cocaine producing and trafficking nations. The Committee was also scheduled to travel to La Paz, Boliva, to participate in a meeting of legislators from Andean nations and to Caracas, Venezuela to continue its drug control discussions. However, the Committee had to return to Washington on January 9 because Speaker Foley scheduled floor action on resolutions relating to the crisis in the Persian Gulf. The Committee hopes to reschedule its La Paz and Caracas visits in the near future.

The delegation consisted of the following members of the Select Committee: Chairman, Charles B. Rangel; Ranking Republican Member, Lawrence Coughlin; and Representatives James H. Scheuer, Cardiss Collins, and Wally Herger. Staff assisting the delegation included Edward H. Jurith, Staff Director; William S. Smith, Minority Staff Director; Rebecca Hedlund, Emile Milne and Richard Baum, Professional Staff Members; and Brenda Swygert, Personal Secretary to Chairman Rangel. Also participating and assisting the delegation was Special Agent Ken Feldman of the Office of Congressional Affairs, Drug Enforcement Administration.

In Panama the December, 1989, United States military action to topple the regime of Manuel Noriega and its aftermath has enabled Panama to rebuild its drug enforcement capability. The Government of Panama is now cooperating more fully in the fight against drugs rather than selectively under General Noriega. However, a lack of manpower, resources, equipment, and training severely hamper the effort to police Panama's extensive open coastlines and rugged frontier with Colombia. This makes Panama an easy prey for the aggressive smuggling tactics of the Colombian cocaine cartels. As a result, while the number of drug seizures has increased in Panama in the last year, the amount of cocaine transiting the country has significantly increased.

Similarly, despite the Endara government's initial steps, drug money laundering continues to be a major problem for Panama's banking center.

In Colombia, the Committee met with President Cesar Gaviria and the following members of his Cabinet: Foreign Minister, Luis Fernando Jaramillo; Minister of National Defense, General Oscar Botero Restrepo; the Commander of the National Police, Rafael Pardo Rueda; the Presidential Counselor for Human Rights, Jorge Orlando Melo; Presidental Counselor for Communications, Maruicio Vargas Linares; Private Secretary to the President Jose Miguel Silva Pinzon; and the Presidential Counselor for International Affairs, Gabriel Silva Lujan.

The Committee found that the government and people of Colombia are strongly committed to the fight against drug trafficking, but expressed President Gaviria's concern that they be recognized as partners of the United States and the international community in this effort; not simply going it alone in asking sacrifices of the Colombian people.

The Committee discussed with the President his offer of plea bargaining to major drug traffickers and judicial reform. The objective is to restore the working integrity of the Colombian justice system which has been under severe attack in recent years from the trafficking organizations. While the Committee feels extradition should remain an important tool, it also recognizes its political unpopularity in Colombia. The Committee agrees that a strong, competent judiciary in Colombia is an equally important goal, and that the United States should be supportive of that objective as an acceptable alternative to extradition of drug suspects to the United States for prosecution. One country cannot substitute its criminal justice system for another in the final analysis. The Committee also reviewed with Colombian officials concerns about human rights violation by the military engaged in anti-drug efforts. President Gaviria's adviser in human rights attended all of the meetings between Colombian officials and the Committee. President Gaviria told the Committee while some abuses existed, the government was committed to investigating them and he believed that they were making good progress in this area.

In addition, the Committee discussed with President Gaviria the status of the Andean Trade Initiative that would assist the Colombian economy and thus enhance Colombia's ability to combat drug trafficking; they also discussed military assistance to Colombia and human rights concerns, the flow of weapons from the United States to Colombia and the control of precursor chemicals.

Panama Country Team Briefing, U.S. Embassy, Panama City

On Sunday afternoon, Jan. 5, the delegation upon arrival in Panama met with the United States Ambassador to Panama, Dean Hinton, and his staff to discuss the status of drug trafficking and money laundering control programs in the country. Congressman Rangel also raised the issue of Panamanian civilian casualties resulting from the Dec. 20, 1989, invasion of Panama.

Ambassador Hinton said that while there had been an overall improvement in the condition of the country since the invasion and in cooperation between the United States and Panamanian governments, frustration remained on both sides, probably due to excessively high expectations. Nevertheless, he said there was movement in all areas of concern.

The essence of frustration on the U.S. side, Ambassador Hinton said, was the slow progress of negotiations over the Mutual Legal Assistance Agreement (MLAA). On the Panamanian side, he said there were concerns over issues of national sovereignty as well as the pace of delivery of U.S. assistance to rebuild the country.

Ambassador Hinton delivered a point by point review of the main issues being addressed by the embassy:

MONEY LAUNDERING

The Ambassador said that money laundering was a continuing problem in the banking sector, but he said he felt that the top echelons of the banking leadership were of the opinion that the practice was bad for the country. Furthermore, the Ambassador said, the banks, in general, had been cooperating on the practical level in the fight against money laundering by providing information that had led to the freezing of considerable sums of money in a number of questionable accounts.

Negotiations over the Mutual Legal Assistance Agreement have been impeded by opposition from some quarters in the banking community and the government, the Ambassador said. Some bankers were concerned about the MLAA's potential threat to the banking industry as a favorable haven for funds. Opposition in the government, notably from the Foreign Minister Linares, whom he praised as an honorable and honest man, and the National Assembly, revolved around issues of national sovereignty.

Ambassador Hinton noted that the Panamanian government had been fully cooperative in approving a number of other agreements important to the war against narcotics trafficking. Presently under consideration by the legislative assembly are ratification of the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the 1988 U.N. Convention) and the agreement on joint maritime patrols with the U.S. Coast Guard.

Ambassador Hinton said he would welcome any efforts by Chairman Rangel and members of the delegation to persuade Members of the Panamanian Legislature to support passage of the MLAA agreement.

THE PANAMANIAN ECONOMY

Ambassador Hinton said that while there had been improvement in the Panamanian economy since the invasion, high unemployment remained a major concern. He said that while the construction and banking sectors were recovering slowly, the Panamanian government would have some difficult choices to make in the future regarding economic policy.

There has been some confusion over the exact amount of U.S. assistance. The correct figure for fiscal year 1990 is $461 million as opposed to $420 million. President Bush, in January of 1990, proposed a $500 million grant assistance package to Panama (in addition to EX-IM Bank, OPIC and other trade related guarantees totalling $500 million). In February, the U.S. Congress approved an initial emergency assistance package of $41 million to Panama, including low income housing investment guarantees. Subsequently, on May 25, Congress approved an additional $420 million of grant funds.

Since December 20 of 1989, the United States has signed agreements committing $410 million of the $461 million approved for Panama. More than $100 million of this amount has been disbursed and more than $200 million additional is available immediately for agreed upon purposes. The Congress conditioned $42 million of assistance on completion of the Mutual Legal Assistance Agreement.

The Ambassador said there were continuing complaints over the dispersal of U.S. assistance to rebuild the country, but that the delays were primarily due to the Panamanian government's failure to implement acceptable procedures for spending in the public sector. U.S. support in the private sector was in place, he said, but there was resistance in the business sector due to high interest rates being charged by Panamanian banks.

REFORM OF THE POLICE FORCES

Ambassador Hinton praised the top leadership of the police, most of whose members had been replaced since the invasion. However, he said cleaning up the rank and file remained a "tough problem."

LABOR UNION ISSUES

Ambassador Hinton described the labor union situation as "troublesome," citing concerns that the labor union leadership may have been involved in supporting the attempted coup in December, 1990. These concerns had been raised, he said, by the coincidence of an illegal public sector union strike the day before the coup attempt. The Ambassador said he believed there was a pressing need for elections of union leadership.

The Ambassador said there were also concerns in the Panamanian government about high labor costs as a disincentive to new business investments in the economy. Ambassador Hinton said he was troubled by the Panamanian government's suspension of the system of collective bargaining.

Chairman Rangel asked Ambassador Hinton whether there was still corruption in the government such as under the regime of General Noriega. Ambassador Hinton said that the top echelons had been reformed, but that there was still some corruption at lower levels.

Chairman Rangel, questioning whether the U.S.-installed government had the political support to reform itself, noted the continued serious concern in Congress over the Panamanian government's lack of cooperation on the money laundering issue. Ambassador Hinton said he felt that there was an acceptance of the fact among top bankers that money laundering was bad for the country. He said he also believed that the government in general was committed to dealing with the money laundering issue, but there was resistance in some quarters to certain provisions of the MLAA on business and national sovereignty grounds.

Congressman Coughlin asked whether the Panamanian Legislature had ratified the 1988 U.N. Convention and whether fees withheld from the Panamanian government during the period of sanctions had been released. Ambassador Hinton said that the Legislature had ratified the convention, and that most, if not all, of those fees had been dispersed to the Panamanian government since the invasion.

PANAMA CANAL ZONE TREATY

Ambassador Hinton praised the new chairman of the Panama Canal Zone Commission, Gilberto Guardia. He said negotiations over transfer of the canal to control by the Panamanians in the

year 2000 had been moving slower than anticipated, but that progress was being made. Furthermore, he said, while there was delay in hiring of Panamanian nationals as pilots on the Canal, 87% of the Canal employees were Panamanians. He described the atmosphere over this issue as good and said that the matter was on course.

Congressman Scheuer asked about the general atmosphere in the country since the invasion. Ambassador Hinton said that the situation overall was improved because of the honesty of persons now running the government. He said that while he believed the anti-narcotics programs would be made more effective by the reduction of demand in the United States, he said there was a new level of enthusiasm in the Panamanian narcotics fighting structure, despite the fact that the structure was in the process of being rebuilt from nothing.

Ambassador Hinton also praised the Panamanian Attorney General, Rogelio Cruz, who, he said, was fully behind the MLAA, despite some opposition in the banking community and the Parliament.

Rene DeLa Cova of the Drug Enforcement Administration added that leadership of the Panamanian police was eager to shed the negative image developed under the Noriega regime. He said that effort was already paying dividends, with the seizure in Panama during the last five months of a total of 5,000 kilos of cocaine—more than the total seized during the previous five years.

Chairman Rangel noted that under Noriega, there had also been strong cooperation by the Panamanians with the United States Drug Enforcement Administration. Rene DeLa Cova agreed, but explained that cooperation under Noriega had lead primarily to seizures in the United States, but that there were few seizures in Panama during that period.

Chairman Rangel, citing the great importance of Panama as a transshipment point and its great political importance in the overall fight against narcotics trafficking, strongly urged the DEA to bolster its detachment of agents in the country. Ambassador Hinton said he had asked for three more staff members to add to the two currently in the country, and that he was confident the additions were in the pipeline. The Chairman noted that, according to all available reports, the amount of cocaine being trafficked through Panama has significantly increased, and that drug money laundering continues to be a major problem for Panama's banking center.

Congresswoman Collins asked about the progress of the Panamanian government's programs to assist refugees. Ambassador Hinton said there had been a reduction of 50% in the number of refugees. He said that 1,000 new houses had been completed to house refugees, 600 more were under construction, and that the bulk of 600 new apartments had been built.

He said the U.S. government wanted to see Panamanian refugees given the opportunity to choose whether to return to their old neighborhood in El Chorrillo or to reside elsewhere. He said that at Albrook Field, where the majority of the remaining refugees were housed, the homeless were moving into new housing at the rate of 75–100 per week.

PANAMANIAN CIVILIAN CASUALTIES

Chairman Rangel raised the issue of civilian casualties. Ambassador Hinton said he believed there had been "a few hundred" Panamanian civilians and military killed, but that there was still disagreement over the precise numbers. He dismissed the very large numbers (in the thousands) that have been alleged by certain human rights groups and individuals as the product of "political purposes."

He added that there had been suggestions in certain circles for the payment of claims for compensation to injured parties and that Foreign Minister Linares had been among those who had issued such suggestions. While admitting that there is a case to be made for the payment of claims, Ambassador Hinton said such a decision could cost up to $2 billion. He said most of the claims had been filed by merchants who had been denied payment for damages by their insurance companies, and noted that the U.S. Government is prohibited from paying such claims for damages occurring in combat situations under the Foreign Claims Act.

Chairman Rangel asked whether Panama was covered under the Caribbean Basin Initiative. Ambassador Hinton said it was, but that because it does not cooperate with CBI's tax information exchange provisions, the nation does not benefit by certain aspects of the CBI program such as the 936 Program. The Ambassador said he doubted that Panama would be willing to sign onto the tax information exchange provision, and that in any case, it would be best to complete ratification of the MLAA agreement before initiating negotiations on tax information aspects of CBI.

MEETING WITH PRESIDENT GUILLERMO ENDARA

On the morning of January 7, 1991, the delegation had a breakfast meeting with Panamanian President Guillermo Endara and leading members of his Cabinet. Panamanian officials attending the meeting included Second Vice President Guillermo Ford, Foreign Minister Julio Linares, Attorney General Rogelio Cruz, Comptroller Ruben Dario Carles, PCC Administrator Gilberto Guardia, and Alonso Fernandez, President of the National Assembly.

Chairman Rangel opened the meeting by pointing out the purpose of the delegation's visit to Panama to assess the status of drug control efforts by the civilian government in the aftermath of the December 1989 invasion.

President Endara stated that drug trafficking was a serious problem facing his country, and that, notwithstanding the efforts made to date, the drug effort was limited by a lack of resources available to Panama's drug control agencies, the Technical Judicial Police (TJP) and Customs. He indicated that his government was working with the United States Embassy to reach agreement on the terms of the pending Mutual Legal Assistance Agreement. President Endara noted that his administration was committed to the cause of fighting narcotics, but that the Government had to take into account the views of the National Assembly and Panamanian interests before final language is accepted.

In response to an inquiry from Mr. Scheuer, the President claimed that corruption was not a major problem within the gov-

ernment. Mr. Endara clearly indicated his satisfaction with the honesty of the mid- to lower-level officials of his government.

Mrs. Collins asked the President about the status of domestic drug abuse among Panamanians. President Endara stated it was his disappointment to report that drug abuse among his countrymen was on the rise, but no hard figures were available on the extent of drug use within Panama. He told the delegation that his government was working with the White Cross and the PRIDE Organization in Atlanta in the development of drug abuse prevention programs. Mrs. Collins cautioned the President that it had been the experience of the Select Committee in countries throughout the world that where drug trafficking grows unchecked, the drug abuse situation of that nation will also increase.

Chairman Rangel discussed with President Endara the status of refugees and extended to the President the offer to work through the Catholic Church in the United States to assist the refugee effort. Mr. Endara told the Chairman that he would supply him with the names of private organizations working on the relief effort in Panama to advance this initiative.

Concerning the Mutual Legal Assistance Agreement, Mr. Coughlin urged that the terms of the agreement be resolved as swiftly as practical. DCM David Beall explained that the United States felt it was important that the terms of the treaty extend beyond drug crimes and attach to a wider variety of conspiracy and money laundering and financial crimes that are drug related or similarly important to United States interests. He indicated the problem was defining activities that might not be criminal in Panama. President Endara in turn responded that his nation's commitment to the fight against drug trafficking should not be misunderstood because of the need to also protect legitimate Panamanian business interests. He used the example of "insider stock trading" as an example of something that Panama does not recognize as a crime, but would be within the reach of language suggested by the United States.

Mr. Scheuer countered by noting that the Panamanian banking industry needs to come into the 21st Century, and that old ways of doing business are falling by the wayside throughout the world of commerce. He told the President that other major banking centers such as Switzerland had conformed with new ways of doing business that encourage disclosure of questionable activities and urged Panama to do the same.

Mr. Rangel told the President and his Cabinet that "friends help friends," and that while the United States cannot be in the position of telling Panama how to run its internal affairs, both nations are working together in the fight against drug trafficking. In this vein the Chairman urged accord on the agreement so that Panama and the United States can together combat the rising tide of drug trafficking throughout the nation.

The Chairman asked President Endara about civil liberties issues, specifically, freedom of the press and racial prejudice. Mr. Endara responded that there were no restrictions on the press, and that he believed that there was racial harmony in the country.

MEETING WITH FOREIGN MINISTER JULIO LINARES

The Foreign Minister opened the meeting and expressed the hope of continued cooperation and a close relationship between the United States and the Endara government.

The Chairman explained that the purpose of the Committee's visit was the battle to eradicate the scourge of drug trafficking. He hoped Panama would continue to strengthen democracy and that trade and other lines of communication would remain open. He said the Constitution of each country should be respected. Finally, he stated that expectations were very high after the removal of General Noriega and yet progress was slow.

Representative Coughlin expressed respect and friendship for Panama. He said he had wished the OAS could have done more about General Noriega and asked whether the OAS could be helpful with the present drug trafficking problem.

Mr. Linares said that the Panamanian Government felt a strong duty to fight drug trafficking. He was aware that some in the U.S. Congress thought that Panama was not committed to this fight, especially in the area of money laundering. But he said the Government and the banking community here were indeed committed to the fight. He said that there was even strong support for the Mutual Legal Assistance Agreement (MLAA) as it related to drug trafficking to include things which were crimes in the United States but not in Panama. He said that Panama would quickly sign an agreement which included provisions which were crimes in both countries.
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The U.S. Deputy Chief of Mission, David Beall, explained the difficulty of addressing issues of dual crimes when laws were different in both countries. But he stated that they would continue to try to work out these problems in the negotiations.

The Panamanian Deputy Foreign Minister cited Chairman Rangel's mention of the required respect for each country's sovereignty and the difficulty of agreeing to a treaty which included as offenses things which were not crimes in Panama. He also argued that the political realities in Panama would prevent the ratification of such a treaty in the National Assembly. He added that already public opinion was running against the treaty.

The Foreign Minister agreed with these remarks and repeated that the American Government's negotiating position was counter to Panamanian public opinion. He also argued that it was counterproductive to link U.S. assistance and the MLAA because this tended to inflame Panamanian public opinion against the treaty.

Representative Scheuer said that powerful interests, such as the banking community, will always resist new regulations. He said that in the United States there were many industries which fought aggressively against regulations which now would defend such regulation. He pointed to the banking and securities industry. He also stated that U.S. foreign assistance programs were widely unpopular with U.S. public opinion but that sometimes leadership was required to overcome such polls. He told the Foreign Minister he hoped the Panamanian leaders would demonstrate such leadership with regard to the MLAA.

The Foreign Minister repeated his support for a treaty which included drug trafficking and money laundering crimes, but he repeated that if the provisions went beyond the scope of these crimes, the National Assembly would not ratify the treaty.

Chairman Rangel repeated that none of the Members were suggesting that the Panamanian Government violate their constitution. But, he said, we must get a treaty whereby drug traffickers know that Panama is not a safe haven for their crimes.

Representative Coughlin asked if the Foreign Minister felt that the Assembly would ratify the 1988 U.N. Convention, for that agreement listed only drug crimes. The Foreign Minister stated that that question now rested with the Foreign Relations Commission within the Assembly. He concluded by saying that Panama would support any international effort, such as by the OAS, to control drug trafficking.

Meeting With Attorney General Rogelio Cruz

Chairman Rangel opened the meeting and thanked the Attorney General for meeting with the Committee.

The Attorney General began by pointing out that under the regime of General Noriega, the judicial system in Panama had, in effect, been abolished. It fell into disrepute among the public because the laws existed for the wealthy; and military "godfathers" were paid bribes to fix legal problems. Educated attorneys had no idea how the system worked or how to resolve problems.

Mr. Rogelio Cruz then delivered a short history of drug trafficking in Panama. He stated that in late 1986, the government did pass anti-narcotics statutes. There were even some successes such as Operation Pisces which froze $20 million in illegal cash. But in June of 1987, there was a political crisis in Panama, dictatorship arose and enforcement successes were reversed. For example, nine volumes of evidence from the Pisces investigation disappeared under Noriega's Attorney General; the money which had been frozen was gradually released.

During the Noriega days, all things depended upon the PDF and things were done without any basis in the law.

Under the Endara government, Panama has achieved honest government. But the new government must raise the awareness about the drug problem among the Panamanian people. The government has established a National Commission on Drugs which might accomplish this goal.

The Attorney General admitted that drug addiction, drug trafficking and money laundering were problems in Panama. But he pointed out that the government had few resources to combat them. He said it would take years to solve these complex problems. He argued that it would be helpful if the Panamanian authorities were permitted to retain assets seized by the United States when the investigation is aided by Panama.

Finally, he pointed out that the Technical Judicial Police, the country's main drug fighting unit, was operating on a budget half the size of its budget before the U.S. military intervention.

Meeting With Panamanian Parliamentarians

On Monday morning, January 7, the delegation engaged in a lively discussion with Panamanian Parliamentarians. Among the Panamanians present were H.L. Alonzo Fernandez Guardia, President of the Legislative Assembly; Lucas Zarak, Second Vice President of the Legislative Assembly; Milton Henriquez, Chairman of the Budget Committee of the Legislative Assembly; Jose Antonio Sossa, President of the Commission of Government, Justice and Constitutional Affairs; Eric Santamaria, President of the Agriculture Committee; and Olimpo Saez, President of the Foreign Affairs Committee.

Chairman Rangel and the rest of the delegation praised the Parliamentarians for their support of various programs in the international fight against drug trafficking and money laundering and urged them to support ratification of the Mutual Legal Assistance Agreement. The Parliamentarians generally issued their support of the treaty in principle, but strongly argued their disagreement with certain of its provisions, generally on grounds of national sovereignty with respect to mandates of the Panamanian Constitution.

Chairman Rangel noted the preeminence of the legislative branch in Panama, as in the United States, because of its representation of the people. He expressed the desire of the U.S. Congress to work as a team with Panamanian Parliamentarians to foster understanding of the importance of the drug issue and to work in an atmosphere of friendship. He said he had heard reports of the government's support of the MLAA and also about the existence of some popular opposition to the proposed treaty. Chairman Rangel said he believed that any popular opposition to the treaty could be overcome if the American and Panamanian people worked together. Opposition by the banking or business community, which he said, do not represent the will of the people could also be overcome.

Congressman Coughlin suggested the formation by the Panamanian legislature of a committee to deal with the narcotics issue, similar to the Select Committee on Narcotics Abuse and Control. He added that the drug problem could grow to threaten Panama domestically in the same way it has affected the United States.

Congressman Scheuer made a strong statement in support of Parliamentary ratification of the MLAA, and went on to describe "feeling in the U.S. Congress" about the money laundering issue in Panama. Citing the destruction caused by drug use in his Congressional District and that of other members of the delegation, he explained the urgent need for ratification of the treaty. He cited what he described as certain unethical practices of an under-regulated banking industry in Panama that, in effect, promotes the international drug trade, and that the United States could not allow to continue. While expressing his respect and affection for the Panamanian legislators, he strongly urged them to take necessary steps to require stronger regulation of the banking industry.

Congresswoman Collins said that Panama, as a narcotics transshipment point, would eventually be threatened with its domestic drug problem. Thus, she said, it would be in the interest of both the United States and Panama to cooperate in the development of

means to exchange information that would assist in the fight against drug trafficking and money laundering.

The Panamanian legislators expressed their support in principle of the MLAA and all other programs in the fight against drug trafficking and money laundering. Most who commented, however, expressed serious reservations, based on issues of national sovereignty, particularly conflicts between American and Panamanian law.

Milton Henriques, for example, cited his concern that the MLAA as proposed by the U.S. side would place Panama in the position of "acting as an agent of the IRS." This comment was in reference to his concern and that of others among the Panamanians at the meeting that the MLAA would require Panama to share information with the United States pertaining to American tax and securities laws, including tax evasion, that are not necessarily crimes under Panamanian law. He said the proposed treaty would easily be ratified if it clearly restricted its provisions to matters directly related to narcotics trafficking.

In response to this point, Chairman Rangel instructed Committee staff to look into the Panamanian complaints about the tax ramifications of the proposed MLAA treaty.

Eric Santamaria, while registering his support of efforts to fight international drug trafficking, said another issue as important to Panama is its difficult external debt, which he said currently consumed much of Panama's budget. This situation, he said, weakened the country's capability to deal with other problems, including narcotics trafficking.

Mr. Lucas Zarak, Second Vice President of the Legislative Assembly, said he shared the delegation's concern over the drug trafficking issue and supported passage of MLAA, in principle. He complained, however, that ratification of the MLAA as proposed by the U.S. side, would infringe on certain provisions of Panamanian law. He urged changes in the proposed treaty that would bring it more in line with similar agreements with the Bahamas.

Mr. Olimpo Saez, President of the Commission of Foreign Affairs, of the Legislative Assembly, said it was unfair to link portions of continued U.S. assistance to Panama to ratification of the MLAA. He said certain provisions of the MLAA which would lift secrecy provisions of Panama's current banking laws, would further damage Panama's economy by discouraging use of the country's banking services.

Furthermore, Mr. Saez said he believed that while the U.S. invasion was welcomed in Panama, the United States owed Panama a moral and economic debt because of the damage that had resulted. Therefore, he said he supported the payment of reparations which would help defray the cost of $100 million in damages from looting that followed the invasion.

Briefing by U.S. Southern Command in Panama

General Joulwan, Commander in Chief of Southern Command, welcomed the Committee and explained how SouthCom's antidrug program was part of the National Drug Control Strategy.

The Department's role in the counter drug effort stems from the Secretary's counter-narcotics guidance and the Fiscal Year 1989

Defense Authorization Act, which designated Defense as the single lead agency of the Federal Government for the detection and monitoring of aerial and maritime transit of illegal drugs into the United States.

The goal of SouthCom's efforts is to curtail drug production and trafficking. U.S. military forces will play a supporting role in host countries under the leadership of the Ambassador and Embassy staff.

The Southern Command (USCINCSO) located in Howard Air Force Base in Panama City, Panama, will provide support to host countries in the region, including the Andean nations. SouthCom will offer training and operational support, material, advice, and technological and maintenance support to cooperating nations' counter drug organizations and to U.S. law enforcement agencies. Defense personnel will not participate in actual field operations.

Cocaine and the precursor chemicals required to process it are frequently carried on vast river networks in South America. A combination of Navy, Marine Corps and Coast Guard trainers as requested will assist in the development of host nation capabilities to patrol, identify, and intercept cocaine and chemical shipments.

To improve the capabilities of U.S. law enforcement agencies to detect and monitor drug traffickers, USCINCSO will rely on a Caribbean basin radar network that consists of a series of early warning radars, some already in place and operational. The radar sites are planned throughout Central America, South America, and the Carribbean. Regional operation centers are located in Key West, FL, and the Republic of Panama.

SouthCom supports counter drug operations with data collected from radars and from deployed air and sea surveillance platforms. E-3 AWACs aircraft will be employed to establish a data base of radar information and to react to individual suspect tracks. This information will be shared with the Atlantic Command and other nations in an effort to track suspected aircraft and to assist legal authorities in the apprehension of the aircraft, crew, and illegal cargo.

SouthCom has contributed to a number of successful efforts, including ones which have targeted the Medellin cartel. Also effective were joint operations with the Bolivian police attacking the trafficker infrastructure, which helped contribute to a significant decline in coca prices. In Peru, in spite of difficulties, 650 police have been trained for the anti-drug program in the Upper Huallaga Valley (UHV). Overall more than $13 billion worth of drugs were seized in 1990 in source countries.

The General told the Committee that respect for human rights was an essential part of all aspects of SouthCom's antidrug mission.

The delegation was told in spite of successes, more needed to be done. Critical to the program is national will of the host country to fight drugs, which in several nations in the region needs to be strengthened. There is also a need to prepare to combat spillover of narcotics activity into additional nations. General Joulwan made the case that progress has been made in DOD's international drug control efforts, and that with host country cooperation more will be accomplished in coming months and years.

COLOMBIA EMBASSY BRIEFING

Ambassador Thomas McNamara began the briefing by telling the delegation that the impression in the United States that Colombian President Gaviria is lessening support for the drug war is mistaken. The Colombian President is implementing judicial reform with two major elements: (1) Drug traffickers must surrender to judicial authorities to be eligible and (2) They must confess to at least one serious drug trafficking crime. Once an individual surrenders and confesses, the Government is free to investigate all crimes he or she was involved with. If new crimes are discovered, the individual could suffer the full penalty. The intent is that the trafficker will confess to all his crimes in order to receive multiple reductions. The trafficker receives a ⅓ reduction of his sentence by confessing, and ½ off if he also cooperates and provides information on other traffickers.

Gaviria's judicial reform is not a change in policy. The policy is the same as President Barco's, but Gaviria put the policy into decrees, making it the law. Under the policy, once an individual confesses, Colombian authorities go to foreign countries who have charges against individuals and request evidence.

The Ambassador told the delegation that there is corruption in Colombia, but the corruption is not so severe as to make the U.S. efforts fruitless. He also stated strongly that a recent congressional report criticizing Colombia's U.S.-supported antidrug program was highly inaccurate and poorly researched. Further, the report greatly offended the Colombians, who, in spite of sacrifices which included the loss of over 500 policemen last year, continue to battle the drug traffickers.

There is a clear connection between the traffickers and the guerillas. The insurgents have some labs and provide security for many others. Colombian authorities have to fight the guerillas to get at labs. The police cannot do it alone; they would be outmanned and outgunned. The Colombian military has a pivotal role to play here.

There is also evidence of guerilla involvement in trafficker kidnapping of journalists. The ELN insurgents in one case committed the kidnapping, and then Pablo Escobar discussed the conditions under which he would free them. Several years ago the traffickers engaged the M19 guerilla group to attack the Palace of Justice and kill all 11 of the pro-extradition Supreme Court judges.

Some members of the military, against Government wishes, made accommodations with traffickers. There have been substantial human rights violations by paramilitary groups formed in the past to fight guerillas. The judicial reform decrees are partly to get the paramilitary members to surrender.

Of concern to both the Colombian Government and the U.S. Embassy is the integrity of Colombian civil aviation authorities. The traffickers have infiltrated this system and as a result, valuable information is available to them.

The ambassador reiterated that the judicial reform was not a surrender. If it was, many of the traffickers would have confessed by now. Fabio Ochoa, a Medellin cartel leader, did not surrender because he would get easy treatment, but because he was afraid he

would be found by the Colombian authorities and either extradited to the United States or possibly killed in a shoot-out situation.[1] This plea bargain approach may not succeed, but effort is being made by the Government and the United States is supportive.

Gaviria also wants to reform Colombia's system of prosecution, so that the investigations of crimes can be carried out by police, not by judges, as done currently. The pressure of intimidation by traffickers will then not be on the judges, but on the police who are armed and capable of defending themselves.

The constituent assembly convened to change the constitution was elected by the various parties' running lists of candidates. The Liberal party (the President's party) ran a number of lists. M19 ran just one list and elected 19 members. The Liberals have the most representation, with 24 seats, and the Conservatives gained 20.

Extradition is likely to be made unconstitutional by the Constituent Assembly. They will probably submit their new constitution to a popular vote, but the public does not support extradition. President Gaviria is the only politician in Colombia who does support it. He knows he does not have the votes to stop it, so he is attempting to keep it off the agenda. The Ambassador said it would not be a disaster if extradition were lost, but admitted that American justice and death are the only two things traffickers fear, and losing one of those weapons is unfortunate.

Chairman Rangel asked the Ambassador why there was so much opposition to extradition. The Ambassador replied that the opposition was based on Colombian nationalism. There has also been a propaganda campaign by the traffickers suggesting that Colombians extradited are treated very badly in U.S. prisons.

Mr. Rangel also asked about coffee and trade issues. The Ambassador replied that there was a severe short term loss because of the collapse of the coffee agreement, but there are strong markets for Colombian coffee in the United States and Europe and both prices and volume have increased. It is no longer a difficult issue in U.S./Colombian relations. Colombia would like access to U.S. markets for its textiles and leather goods, but they do not want or need traditional economic aid.

Congresswoman Collins asked about where the profits from Colombia's drug trade go. The Ambassador replied that it is hard to judge precisely where the money goes, but between $800 million and $1.3 billion is returned to Colombia. The matter is further confused because many Colombians living and working in the United States send money home to relatives in Colombia. Nonetheless, cocaine represents only about 10–15 percent of foreign earnings, while for Bolivia it represents 50 percent and for Peru about 70 percent.

The Ambassador concluded the briefing by thanking the delegation for coming to Colombia to see for themselves the substantial, sustained counter-narcotics program implemented by the Colombian Government.

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[1] On January 15, 1991, the reported No. 2 man in the Medellin cartel leadership, Jorge Luis Ochoa, surrendered to Colombian authorities in Bogota pursuant to the Gaviria decrees.

Meetings With President Gaviria and Other Colombian Officials

The delegation had come to Cartagena at the invitation of President Gaviria who was staying at his alternate residence, the Casa de Huespedes, which is the Colombian equivalent of our Camp David. This was the site of the historic February 1990 Andean Cartagena Summit hosted by President Barco of Colombia for President Paz Zamora of Bolivia, President Garcia of Peru and President Bush of the United States.

They had lengthy and fruitful meetings with the President, Cesar Gaviria Trujillo; Foreign Minister, Luis Fernando Jaramillo; Justice Minister, Jaime Giraldo Angel; Defense Minister, General Oscar Botero Restrepo; National Police Commander, General Miguel Antonio Gomez Padilla; the Presidential Counselor for Defense and National Security, Rafael Pardo Rueda; the Presidential Counselor for Human Rights, Jorge Orlando Melo; Presidential Counselor for Communications, Maruicio Vargas Linares; Private Secretary to the President, Jose Miguel Silva Pinzon; and Presidential Counselor for International Affairs, Gabriel Silva Lujan.

MEETING WITH THE PRESIDENT

The President met with the delegation twice on January 8. He welcomed the Committee delegation, saying how glad he was to have the opportunity to explain the Colombian policy on narcotics, as the subject was important for the entire hemisphere.

He admitted that it had taken a long time for the Colombian people to become aware of all the complexities of the narcotics problem in their country. It was not really until the string of assassinations and bombings, culminating with the assassination of Presidential Candidate Luis Carlos Galan that the situation was given the serious attention it warranted.

His strategy is twofold: to continue the enhanced interdiction operations, keeping the law enforcement pressure on, and the narcotraffickers on the run, and to strengthen the judicial system so that drug traffickers can be successfully tried and punished in Colombia. He recognized that his strategy, or parts of it had been misinterpreted. Some press accounts indicated an easing of enforcement against the traffickers, which, he said, is not the case. Seizures of cocaine, destruction of laboratories and arrests of drug traffickers have increased dramatically in 1990 over 1989. The press tends to think that because there are fewer bombings that the pressure is off; on the contrary, it is a sign of some success. The recent rash of kidnappings confuses the matter.

According to some public opinion surveys, 90 percent of the Colombian people feel that there is a relationship between extradition and narcoterrorism. There is no data to support that contention. The rash of bombings and murders that led up to the assassination of Presidential candidate Luis Galan, all took place before President Barco made extradition legal by Presidential decree. These bombings have subsided in recent months in spite of a continued policy of extradition by President Gaviria. Contrary to some reports in the press, President Gaviria has not abandoned the policy

of extradition. He strongly believes it is essential to the success of his Administration's campaign against the narcotraffickers.

The new policy of plea bargaining has also been given bad press in the United States because it is misunderstood. Plea bargaining is a new concept to Colombia. The arrangements are somewhat different than in the United States. In Colombia a free person may turn himself in and confess his crimes in a plea-bargaining agreement. But the person must be free before he surrenders to the authorities, unlike in the United States where one can plea-bargain after the arrest. The criminal will get a third of the sentence removed for surrendering and confessing. If the person does not confess all of his crimes and the court makes a case on other charges, there is no reduced sentence for those additional charges. If the criminal makes a confession which provides verifiable evidence against other major drug traffickers, the sentence may be further reduced up to one half of the original sentence.

If this arrangement were a negotiation or an easy out for the drug traffickers, more traffickers would have turned themselves in by now, but only four have done so. They turn themselves in for two reasons, fear of death as an outlaw on the run and fear of extradition. If one of those elements is missing, the plea-bargaining offer will be made more difficult.

The President stressed that he was committed to a policy to fight narcotrafficking and narcoterrorism at the same time. He believes that he has made success on both fronts. The disruption of the Colombian cocaine operations has caused a slump in the price of coca leaves in Peru and Bolivia and an increase in the price of the finished product, cocaine HCL, in the United States. The policy has also resulted in fewer bombings than before.

Colombia needs the cooperation and support of the international community to fight this war. The Colombian people feel that they have been abandoned by the rest of the world. It is important that public opinion be strongly behind this effort or it will fail. This is not a short-term proposition. It may take decades to wipe out drug production and trafficking in Colombia. To maintain public support in the long term, there needs to be more international solidarity in the struggle. International assistance to the military and law enforcement units dedicated to counternarcotics, opening up new or expanded markets for legitimate Colombian goods, assistance to enhance the struggling judicial system, these are things that will make a difference in Colombian public opinion.

The President stressed that the Colombian government is fighting the Cali cartel as well as the Medellin cartel. There are more resources at present focused on the Medellin cartel, because they are the ones who are conducting the terrorist acts in Colombia.

The President concluded his remarks by saying that he hoped that someday Colombia would see a time when they won't have to put most of Colombia's resources and energy into the fight against narcotics traffickers, but that day will never come unless, not only Colombia, but the entire world community, makes a total commitment now.

Chairman Rangel thanked the President for his hospitality and excellent assessment of the current situation in Colombia. He told the President, however, that the delegation did not need an expla-

nation of Colombia's sincerity in this matter, and that those brave Colombian men and women who are continually risking their lives in this struggle are considered heroes in the United States and throughout the world. He stressed that the delegation was in Colombia as friends, and that as such he hoped the President and his Cabinet could be as frank with the delegation as they were amongst themselves. He added that when history is written, and people ask when the war against drugs really started, the answer would be when Colombia said, "Enough is enough."

Mr. Coughlin told the President that there was enormous respect for Colombia throughout the United States and around the world. He assured the President that those who object to providing assistance to the military in Colombia do not reflect the views of the Government of the United States.

Representative Scheuer asked if Colombia needed additional military or law enforcement assistance from the U.S., and what the President would like to see happen in terms of enhanced commercial cooperation. The President responded that assistance to the military as well as trade and investment incentives would need to be enhanced enough for the Colombian people to know that they are receiving significant assistance in the war on drugs.

Congresswoman Collins asked if the judicial system at present was strong enough for the new plea-bargaining arrangement to work. Gaviria responded that if a criminal turns himself in and confesses, there is no reason for him to intimidate the judge. He did not yet have the results on the Ochoa case to share with the Committee.

The President told the Committee that details would need to be worked out to better share evidence between courts and investigators in the United States and Colombia. Under Colombian law, which is based on the Napoleanic tradition, investigatory magistrates collect written evidence and the trial is almost secondary. In the United States much of the evidence is oral and is not presented until the trial. The countries need to work together to develop a method for the routine exchange of quality evidence. The U.S. Ambassador to Colombia, Thomas E. McNamara, added that a team from the Department of Justice would be arriving in Colombia soon to work out the technical arrangements with the Colombian Ministry of Justice.

The issue of human rights progress was raised. President Gaviria responded that for some time, Colombia has had six very active guerrilla organizations, and that wherever there were such organizations, there would be some human rights violations on both sides. About a decade ago, a number of paramilitary groups were unofficially established to fight these organizations. These groups also commit a lot of crimes. Initially some members of the Colombian armed forces were affiliated with the paramilitary operations, but the military has been effectively purging them from their ranks. Of the six guerrilla groups, four have reached peace agreements with the government, but the largest and most active two groups are still strong and becoming more violent.

The narcotraffickers are now financing many of the paramilitary groups and they also have connections to the guerrilla groups. The

President said he could not deny that abuses existed, but that he believed that they were making good progress in this area.

MEETINGS WITH CABINET OFFICIALS

The delegation met with the President and his key cabinet officials on January 8 and again on January 9 without the President for roundtable discussions.

Chairman Rangel told the Cabinet officials that he wanted to thank them for their dedicated efforts, that he was proud of their excellent work and that he wanted to extend his deepest sympathies for those who have given the ultimate sacrifice in the war on drugs.

The delegation had several very technical and confidential discussions with the Minister of Justice and Minister of Defense on the sharing of evidence, and the sharing of intelligence, respectively.

With the Advisor on Human Rights, they furthered their discussion with the President on that subject. The advisor indicated that when his office heard allegations of human rights abuses, they would follow up and investigate, but so far, most of the allegations have not yet been confirmed. They did find proof on a case in Altos del Portal where a group of Colombian soldiers that had been corrupted by the narcotraffickers had committed an assassination of someone associated with Medellin drug kingpin Gacha. They have followed up on that and have suspended the offenders. Over 2,500 soldiers and police have been suspended in the last few years based upon allegations of human rights violations or other corruption. The advisor informed the delegation that he believed the situation had improved dramatically and that those who have been monitoring the situation closely and consistently would report the same.

The Minister of Defense told the delegation that it was important to receive greater aid from the United States. The military needs to further enhance their air support capabilities. The commander of the Colombian National Police (CNP) reminded the delegation that the police department was within the Ministry of Defense, so that any assistance to the military would benefit the police as well.

The subject of shooting down cocaine-laden aircraft arose. Both the United States and Colombia are party to an international convention which prohibits the shooting down of any civilian aircraft. The CNP director informed the Committee that to follow one of the trafficker's aircraft and land behind it, one would subject oneself to a barrage of automatic fire while landing and disembarking. The Colombians noted that they needed more radar capabilities.

The delegation was informed that based upon seizures in Colombia, the U.S. crackdown on precursor and essential chemicals has been successful. It appears that now traffickers are getting their chemicals from Brazil, Germany and Holland. The Colombians were concerned that with the crackdown in Colombia, cocaine refining and trafficking would shift to other South American countries, much the same way the source of chemicals has shifted. They stressed to the delegation that the repression of drug trafficking, of

precursor chemicals and of drug abuse needs to be an international commitment and priority.

The delegation was informed that the marijuana cultivation problem had been nearly entirely eradicated. At the peak, nearly 25,000 to 30,000 hectares of cannabis were under cultivation, but today less than 2,000 hectares are under cultivation. Although allegations of opium poppy cultivation exist, only one small poppy field has been found. It was immediately destroyed. Recently, some precursor chemicals for heroin were seized in Baranquilla, indicating possible heroin refining in Colombia, but so far no heroin labs have been detected.

Representative Coughlin noted that the location and destruction of airstrips was up from 1989 to 1990, but that the destruction of cocaine labs was down from 1989 to 1990. He asked that, given the assumption that labs were near airfields, why the two statistics were so divergent. The commander of the National Police responded that they believed that because of the pressure exerted by the Colombian authorities, more cocaine labs were moving to other South American countries. He suggested that Colombia may be increasingly only used as a refueling stop.

The delegation also had further talks on the trade issue. The inclusion of Colombia into the CBI initiative was given as one example of how the United States could be helpful. What Colombia really needs, however, is better access to markets for textiles, leather goods and agricultural products. The European Community has reached an agreement with Colombia that will lower trade barriers over the next four years. The agreement is in the context of trade preferences for former colonies. The Chairman responded that he would recommend putting together a trade package that would be part of an anti-narcotics package.

Presidential Advisor Gabriel Silva told the delegation that President Gaviria had suggested in his inaugural address that the international community should consider an international court for the multinational crimes of drug trafficking. He asked the delegation what they thought of this idea. The Chairman responded that as the international community works more and more closely together, harmonizing their narcotics control laws, the judicial boundaries will fall. He noted that parts of the world are seeing boundaries fall in terms of trade cooperation, and that he expects the fight against drug trafficking will bring down borders as well. Representative Scheuer made the analogy of global cooperation on the environment, as environmental issues transcend geographic boundaries.

The delegation was impressed with the candor and nature of the meetings and plans to return to Washington to clarify to the U.S. public some of the misperceptions that had been circulated in the U.S. media.

RECOMMENDATIONS

1. The delegation is very encouraged by President Gaviria's commitment to strengthen the Colombian judicial system in order to successfully try Colombian narcotraffickers in the country. The Committee Members agree with the President that the key in

making the Colombian system work is continuing the two-fold pressure of heavy law enforcement and the threat of extradition. Recognizing the unpopularity of extradition in Colombia, the delegation wishes President Gaviria success in his effort to keep that option open as a tool against drug traffickers. The Committee further encourages the State Department to lend support in terms of both resources and technical expertise to Colombia for its attempt to strengthen the judiciary.

2. Further, the delegation encourages the U.S. Justice Department to work expeditiously with their Colombian counterparts in developing a better system for the routine exchange of quality evidence for use in Colombian narcotics cases.

3. The delegation urges the Administration and the Congress to work together to develop a narcotics assistance package for Colombia that would consist of trade initiatives that would affect important Colombian products such as textiles, leather goods, other manufactured goods and agricultural products.

4. The delegation urges the State Department and the Defense Department in conjunction with the Colombian authorities to examine what, if any, additional types of assistance are needed, in terms of resources and training, for the Colombian military and police.

5. The delegation would encourage the Colombian government to examine more carefully the problem of corruption within the Civil Air Patrol. The delegation would also encourage our Embassy and our Federal Aviation Administration to offer any technical advice that might be useful in an investigation of this nature.

6. The delegation recognizes the efforts made by the Colombian government to address the issue of human rights violations in the country, but would encourage Colombia to make a stronger case to the public. The Committee would suggest, for example, that the Colombian government publish its investigations into allegations of human rights violations for public scrutiny. In addition, Colombia should encourage an independent, objective party to examine the current situation and publish its findings.

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